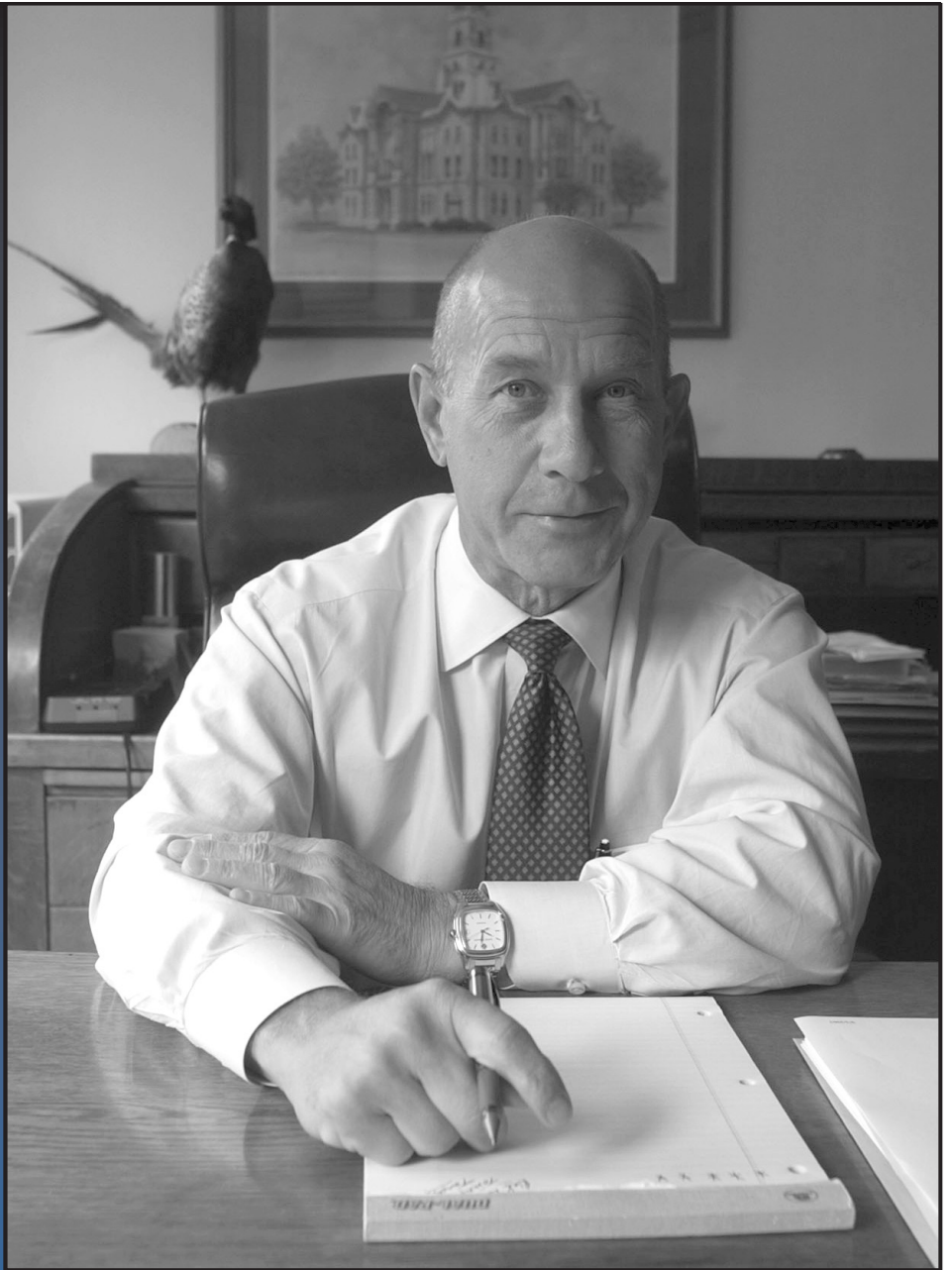


SENATOR JOHN WHITMIRE

Senate District 15 • Fall 2006 Capitol Update



Dear Friends,

While the Texas Legislature is only required to meet for 140 days every two years, the 79th Legislature included a regular legislative session in 2005 followed by three 30-day special sessions on school finance. After many months in Austin, the 79th Legislature came to a close in May, 2006.

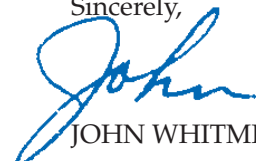
My colleagues and I are now busy preparing for the 80th Legislature which convenes January, 2007. Senate committees are conducting interim hearings on a wide variety of issues. The Texas Sunset Commission is also reviewing 24 state agencies to determine whether the agencies should continue to exist and, if so, how they should be structured.

I am pleased to continue to serve as Chairman of the Senate Criminal Justice Committee as well as a member of the Finance Committee, Administration Committee, Government Organization Committee, the Texas Sunset Commission, and the Legislative Budget Board. Having served longer than any other Senator, I am also honored to serve as Dean of the Texas Senate. I take my role as Dean very seriously and use the position to foster compromise among my colleagues.

I hope this newsletter provides useful information on the school finance and property tax reform legislation passed this May as well as a look ahead at what we are working on for the next legislative session.

It has been my privilege to represent Senate District 15 for the past 24 years and I look forward to continuing to be your voice in the Texas Senate.

Sincerely,


JOHN WHITMIRE

IN OUR COMMUNITY

ELECTION DAY 2006

One of the most fundamental rights in a democracy is the right to vote. Texans will again be able to choose their elected officials on November 7, 2006. Offices up for election include Governor, Lt. Governor, Senator for Senate District 15, and all State Representatives.

Register to vote by requesting an application from the Harris County Tax Office at 713-368-VOTE or by stopping by any of the 15 Harris County Tax Offices. Applications can be downloaded from the Tax Office at <http://www.tax.co.harris.tx.us/voter/voterintro.asp>

Texas voters can cast their vote prior to election day at several early voting locations. If you wait until election day, you must vote at your precinct polling place. Your precinct is listed on your voter registration card. To find early voting locations and your precinct polling location call 713-755-6965.

Important Election Dates

September 8, 2006

First Day to Apply for Ballot by Mail

October 10, 2006

Last Day to Register to Vote in November Election

October 23, 2006 - November 3, 2006
Early Voting

October 31, 2006

Last Day to Apply for Ballot by Mail

November 7, 2006
General Election

HIGHER EDUCATION FUNDING

During the recent special session, the Legislature passed House Bill 153 which authorizes \$1.9 billion in tuition revenue bonds for much needed capital improvements at our state universities. "As a member of Senate Finance, I was pleased to work with our local universities to ensure their priority infrastructure needs were funded," said Senator Whitmire.

Funding for universities in Houston include: \$60 million for the Texas Dental Branch at the U.T. Health Science Center at Houston; \$40 million for a Targeted Therapy Research Building at M.D. Anderson Cancer Center; \$57.6 million to renovate science laboratories at the University of Houston; \$10.6 million for renovations and additions at University of Houston-Clear Lake; \$31.6 million for a new classroom building at University of Houston-Downtown; and \$46.5 million for the School of Science and Technology and a new Multi-Purpose Academic Center at Texas Southern University.

REGIONAL SECURITY

Houston Community College Board of Trustees recently committed \$10 million to complete Phase I of the HCC Public Safety Institute at Northeast College. The Institute will provide training for first-responders. "With the industries and infrastructure in the Houston area, there is a high demand for increased security," said Senator Whitmire. "I applaud HCC and Northeast College for ensuring we have the trained personnel necessary to respond to any emergencies."



Senator Whitmire joins Chancellor Bruce Leslie, NE College President Margaret Ford, Congressman Gene Green, and Trustee Bruce Austin at the groundbreaking for the new Public Safety Institute.

JOINING FORCES TO FIGHT HUNGER IN HOUSTON

In 1995, with the help of Senator Whitmire, the Houston Food Bank joined forces with the Texas Department of Criminal Justice (TDCJ) to develop a program where inmates use a portion of prison farmland to raise fresh food for the hungry.

Two years later, the Food Bank and TDCJ established an inmate volunteer program allowing inmates to volunteer in the Food Bank's warehouse facility. The program was later expanded to provide higher levels of training and responsibilities to inmates.

In 2000, the Food Bank and the TDCJ Wyndham School District started developing a curriculum for a certified vocational program for inmate volunteers. Upon completion of the program, inmates earn a Warehouseman Certification, Forklift License, and an opportunity to participate in transitional employment and job readiness training with the Food Bank when released from TDCJ.

This year, the program celebrates its 12th graduating class. "The collaborative effort between the Houston Food Bank and TDCJ is a win-win situation. The program increases the production of food for Houston's hungry, allows inmates an opportunity to give back to the community, and provides them valuable training for their future," commented Senator Whitmire. He added, "I am proud to have been a part of such a worthwhile program that benefits all those involved."

PRISON POPULATION TO GROW BEYOND CAPACITY

By January, 2007, the Legislative Budget Board (LBB) is projecting that Texas will have a prison population of 153,101 inmates to house, feed, and provide constitutionally mandated health care. State leaders have already approved the use of 3,000 temporary beds in county and private jails, but the prison system will still be operating above the 97.5% bed capacity level which is required for safety purposes.

Texas currently spends over \$1 billion a year to maintain our prison, parole, and probation systems. Additional strains on our resources include the aging prison population, an increase in communicable diseases in our prisons, longer sentences, and longer time served. Not only will these immediate challenges have to be resolved, but the projected growth during the next few years will have to be addressed. LBB projections are for the prison population to grow beyond 158,000 by August, 2009.

"We need to be smarter about the way we use our current capacity, before we look at building additional prisons," stated Senator Whitmire, Chairman of the Senate Criminal Justice Committee. Funding treatment programs for drug and alcohol addictions; moving older, non-violent offenders to nursing homes; sending foreign prisoners back to their country of origin; treating mental health problems before a crime is committed; and stopping the revolving door in our probation system will all help ease the strain on our system. "We can continue to be tough on crime and ensure we have ample beds for dangerous criminals while being smart with our limited resources," commented Whitmire.

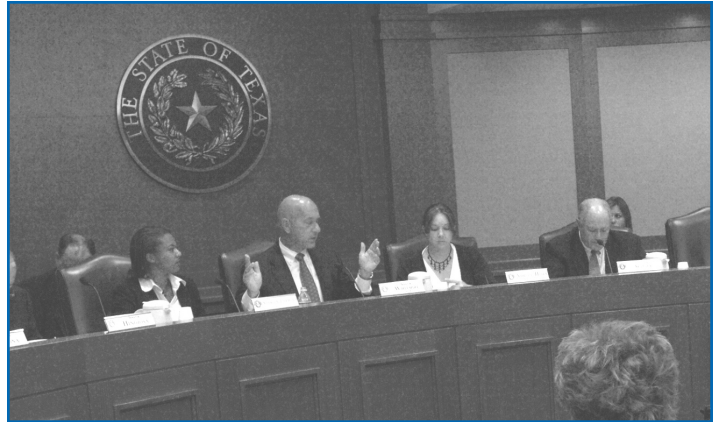


Senator Whitmire was honored to receive the "Legislator of the Year Award" from the Justice of the Peace and Constables Association. Presenting the award are Travis County Constable Bruce Elfant and Harris County Constable Ron Hickman.

MENTALLY ILL OFFENDERS

In June, Senator Whitmire and the Senate Criminal Justice Committee held a hearing on mentally ill offenders and their impact on our criminal justice system. Interested individuals packed the hearing room to participate.

Expert witnesses from health and human service agencies and criminal justice agencies painted a bleak



Senator Whitmire discusses mental health issues during a recent Senate Criminal Justice Hearing.

picture of the current environment. Their testimony revealed that the number of juvenile and adult mentally ill offenders has greatly outpaced the resources currently being provided. "Along with drug and alcohol abuse, mentally ill offenders are now one of the main drivers of our prison and probation population growth," summed up Senator Whitmire.

After hearing from both expert witnesses and Texans who have family members with mental illnesses, it is clear the State must do more to screen and divert mentally ill offenders to appropriate treatment services outside the criminal justice system. The Criminal Justice Committee will make recommendations to the full Legislature on how to diagnose and treat mental illnesses in the community before a crime occurs and how to identify and treat those people with mental illnesses who are already in the system.

"We are not doing the job at the front end," observed Senator Whitmire. "We are looking at expanding the prison system, but if we spent the money on the front end to provide mental health services, we could avoid a lot of the cost and heartache," stated Chairman Whitmire. "It is yet another example of how we can be tough, but smart on crime."

Mental Health Statistics in the Criminal Justice System

57,000 of the 400,000 probationers have a history of mental illness

21,000 of the 77,000 parolees have a history of mental illness

45,000 of the 151,000 prison inmates have a history of mental illness

Only 1,950 inpatient mentally ill treatment beds exist inside prisons, most inmates are provided out patient services in the unit

At those units receiving health services by the Texas Tech University Medical branch, \$180,000.00 per month is expended on psychotropic drugs

Out of 71,000 juvenile probationers, 26.5% have a history of mental illness and only 67% of those receive some treatment

A juvenile with mental illness is 3.5 times more likely to be incarcerated in the Texas Youth Commission

36% of youths in Texas Youth Commission institutions have a serious mental illness

FUNDING PUBLIC SCHOOLS

Since 2004, the Legislature has attempted to address school finance five separate times. With a Texas Supreme Court deadline looming, the 3rd-called special session of the 79th Legislature adjourned May 15, 2006, after passing a package of bills aimed at addressing school finance and property tax reform.

While there are differences of opinion on various components of school finance and tax reform, the majority of the Legislature agreed we must lower school property taxes; increase funding for public education; raise teacher pay; provide meaningful discretion to local school districts; and restore equity to higher levels.

PUBLIC SCHOOL FINANCE

After many late night negotiations and discussions on the Senate floor, House Bill 1, the school finance bill, passed the Texas Senate unanimously.

H.B. 1 provides property tax relief, increases state funding for public education, and enhances fiscal and academic accountability. Although we still must do more for our public school employees, the bill does provide for a much needed pay raise.

H.B. 1 reduces school property taxes by more than \$2.1 billion in 2007 and an additional \$6.6 billion in 2008. The bill also includes \$1.8 billion per year in new money for public education. The majority of this new funding is for the teacher pay raise and the new high school allotment. Key provisions of H.B. 1 are:

- lowers property tax rates from \$1.50 per \$100 valuation to \$1.33 in 2007 and to \$1.00 in 2008
- grants a \$2,000 pay increase for teachers, counselors, librarians, and nurses
- continues the \$500 stipend for support staff
- funds an additional \$275 per high school student
- establishes dual credits for high school graduates
- reduces amount of funding that is subject to recapture under the share the wealth system.

“Once again, I had the privilege of working with superintendents in my district, teacher representatives, and education experts. We are headed in the right direction with the passage of H.B. 1, but we still have a long way to go,” commented Senator Whitmire. “I am committed to working with my colleagues to further increase funding for public education; increase teacher pay; lower classroom sizes; and ensure that all students, regardless of income or area of the state, receive a quality education in our public schools.”

TAX REFORM

In order to reduce our reliance on property taxes, the Legislature had to find alternative resources. Three bills were crafted based largely on recommendations from Governor Perry’s Tax Reform Commission.

H.B. 3 reforms the business franchise tax by broadening the tax base, lowering the rate, and closing many loopholes. The new business tax is 1% of gross receipts less the cost of goods sold or compensation.



Senator Whitmire discusses the school finance bill with Lt. Governor Dewhurst and his Senate colleagues.

The rate is 1/2% for retailers and wholesalers. Sole proprietors and smaller businesses with less than \$300,000 in annual revenue are exempt from the tax. The new tax is estimated to bring in around \$4 billion a year.

H.B. 4, the so-called liar’s affidavit, more fairly taxes the sale of used cars. The bill allows a tax collector to assess taxes on the value reported by the purchaser as long as that value is within 80% of the vehicle’s standard or average retail value. H.B. 4 is expected to generate \$42 million per year. H.B. 5 increases the tax on cigarettes by \$1.00 a pack and raises the tax on other tobacco products, except cigars, by just under 5%. The increased tax is expected to raise between \$600-700 million per year.

All of the new revenue generated from the three tax bills is dedicated to reducing school property taxes. If the average tax rate drops below \$1.00 per \$100 of valuation, two-thirds of the new revenue will go to further reduce property taxes and the other one-third will go to increase the level of equalization in education funding.

The Legislature used \$3.8 billion of the current budget surplus to cover the property tax relief and new public education funding for 2007. However, the Legislative Budget Board estimates the three tax bills will fall short of funding the property tax cuts and public education funding by \$10.5 billion during the 2008-2009 biennium and an additional \$11.1 billion in 2010-2011.

“While I voted for property tax relief in H.B. 1, I could not support the three tax bills as passed by the Legislature,” commented Senator Whitmire. “Reducing property taxes is a high priority, but I do not believe we should tie the hands of future legislatures. This state has many pressing concerns and we must consider our future funding needs including fighting crime in Texas, improving our public schools, increasing access to health and human services, and fixing our highway and transportation system without resorting to tollways,” added Senator Whitmire.

“The Legislature will face some tough decisions in the years to come,” said Senator Whitmire. “I will use my position on the Senate Finance Committee and the Legislative Budget Board to do what is best for the State and for the residents of Senate District 15.”

PREPARING FOR NEXT SESSION

Throughout the interim, Senator Whitmire and his colleagues are holding hearings on a wide range of important issues to be considered during the 80th Legislative Session which convenes in January, 2007. Each committee will present a written report to the Legislature including its findings and recommendations. The following is a list of some of the major senate committees and the key issues they are discussing:



Criminal Justice

- review the resources and facilities available to offenders with mental health needs
- examine the allegations of abuse and neglect within the Texas Youth Commission
- oversee the impact of laws passed to reduce methamphetamine production and abuse
- monitor the expenditure of funds for adult probation programs
- study ways to reduce violence along the border focusing on reducing drug-related crime



Natural Resources

- monitor efforts to improve air quality
- examine and assess all issues related to ground and surface water law
- identify areas of the state where surface or groundwater is contaminated by petroleum operations
- review current legislation regarding landfills and sewer plants
- study the investment needs and economic barriers to developing renewable fuels



Education

- assess what reforms are needed to better prepare students for college
- review the operation of the State Board of Education
- study the impact of incentive-based pay on teacher recruitment and retention
- prepare an inventory of the state's facility infrastructure needs for all public schools



State Affairs

- make recommendations on verifying voter identification without hindering a person's right to vote
- examine eminent domain laws and the effectiveness of protecting private property rights
- study the Employees Retirement System and Teachers Retirement System including the soundness of the pension funds
- consider costs associated with mandating insurance companies to increase coverage for certain illnesses and diseases



Finance

- study the impact of the state and local tax structure on businesses in Texas
- monitor health care funding
- determine the long term cost and impact of Hurricanes Katrina and Rita on health care, public and higher education, and criminal justice
- consider the feasibility of capping property appraisal taxes at the state or local level
- assess the viability of a pilot program in Harris County to capture a percentage of revenues generated by funds sent internationally



Business and Commerce

- evaluate the impact of telecommunications and electric deregulation
- study feasibility and capacity for alternative forms of electricity generation
- review consumer finance issues including home equity lending, credit scoring, and payday lending



Health and Human Services

- review federal and state Medicaid reform proposals
- make recommendations for improving the delivery of mental health services
- study the shortage of health care workers and the education services for medical personnel
- monitor legislation to improve Child and Adult Protective Services
- identify ways to improve vaccination rates and ensure adequate vaccination supplies



Intergovernmental Relations

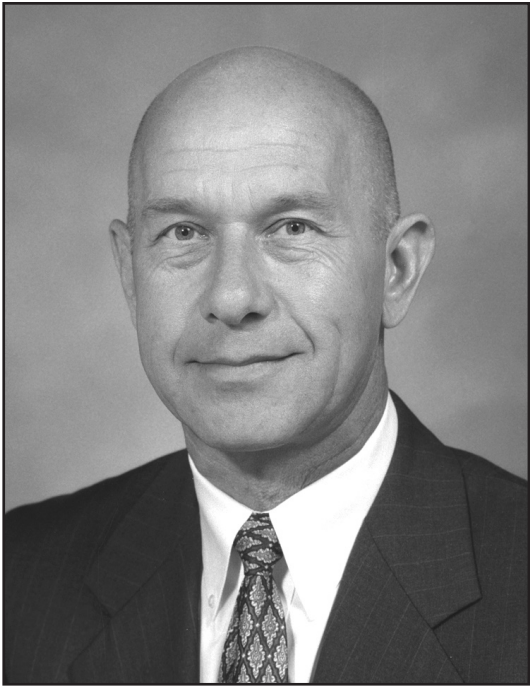
- study the authority of counties to regulate development in unincorporated areas
- review the use of funds collected from red light camera citations
- examine home ownership rates for low-income Texans and make recommendations on how to increase home ownership including low income tax credits.



Senator John Whitmire

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FALL 2006 CAPITOL UPDATE

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THE TEXAS SENATE IS AN EQUAL OPPORTUNITY EMPLOYER AND DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, SEX, RELIGION, AGE OR DISABILITY IN EMPLOYMENT OR THE PROVISION OF SERVICES.

HELPFUL TOLL FREE NUMBERS

Abuse Hotline (children, elderly, disabled)	800-252-5400	Injured Workers	800-252-7031
Children’s Health Insurance (CHIP)	800-647-6558	Insurance Information and Assistance	800-252-3439
Child Support Enforcement.	800-252-8014	Legal Referral	800-252-9690
Consumer Protection (Attorney General)	800-621-0508	Medicaid Hotline.	800-252-8263
Consumer Credit Helpline.	800-538-1579	Runaway Hotline.	888-580-4357
Crime Victims Compensation.	800-983-9933	Student Financial Aid	877-782-7322
Crime Stoppers.	800-252-8477	Taxpayer Information	800-252-5555
Emergency Roadside Assistance	800-525-5555	Voter Registration/Elections.	800-252-8683
Governor’s Citizen Assistance Hotline.	800-843-5789	Youth Hotline	800-210-2278